



***District of Columbia Water and Sewer Authority***

***MINUTES***

***123<sup>rd</sup> Meeting of the Board of Directors  
Thursday, July 5, 2007***

***Present Directors***

Chairman Robin B. Martin, District of Columbia  
Dr. Jacqueline Brown, Vice Chairman, Prince George's County  
David J. Bardin, District of Columbia  
Keith Stone, District of Columbia  
Dan Tangherlini, District of Columbia  
Alan Roth, District of Columbia  
Timothy Firestine, Montgomery County  
David Lake, Alternate for Montgomery County

***Present Alternate Directors***

Brenda Richardson, District of Columbia  
Chris Akinbobola, Prince George's County  
Joseph Cotruvo, District of Columbia  
Kenneth Davis, District of Columbia  
Paivi Spoon, Prince George's County  
Paul Folkers, Montgomery County

***WASA Staff***

Jerry N. Johnson, General Manager  
Avis M. Russell, General Counsel  
Linda R. Manley, Secretary to the Board of Directors

Chairman Martin called the 123<sup>rd</sup> meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:30 a.m.

Chairman Martin recognized Howard Croft the newest nominee for an alternate seat from the District of Columbia.

Ms. Manley called the roll to establish a quorum.

The Motion to adopt the minutes of the Board of Directors' meeting of June 7, 2007 was Moved and Seconded and approved unanimously.

### **Environmental Quality and Operations Committee**

*Reported by: David Lake, Chairman*

The Committee met on June 21<sup>st</sup>. Mr. Lake reported that Mr. Bailey does a great job at the Blue Plains WasteWater Treatment Plant and the Plant again met all its parameters. Flows were a little low due to low rain in May. The average flow was less than 300 million gallons per day and when that happens, everything else works well at the Plant.

The Committee had a general discussion on biosolids. The Board had anticipated constructing egg-shaped digesters and when staff found that the bidding environment was not appropriate, the Board deferred the digester project and requested that staff look at economic issues as well as other technologies. Staff brought forward to the Committee as an FYI information on the thermal hydrolysis process and its potential. Staff is continuing to look at thermal hydrolysis and will provide the Committee with an update in September. The Committee is interested in what direction the Biosolids Program is heading and so next month the Committee hopes to discuss the Biosolids Program.

The Committee discussed briefly the Plant's NPDES Permit. DCWASA and various agencies filed an appeal of specific requirements of the Permit, and as a result those sections of the Permit are being held in abeyance.

The Committee had some discussion on the total maximum daily loads (TMDL) which is part of the regulatory process the EPA goes through to establish standards for pollutants. The total suspended solids proposal has been published for public comment. WASA is still expecting some action by EPA on a definition that begins to address that issue and will at least satisfy the courts.

There was also a discussion of the biochemical oxygen demand (BOD), TMDL and Anacostia River which also went over to a discussion of the coliform. All these pollutants are subject to future development of TMDLs. There was a question as to whether DNA studies have been done to determine the origin of bacteria in the Anacostia River. The Committee asked to be briefed at its July meeting on generally what WASA, DCDOE, and the state of Maryland know about bacteria in the river.

Mr. Lake reported that WASA has had no positive water samples. WASA's goal regarding the lead and copper rule testing is to have 90 percent of the samples within compliance which is a level that is below 15 parts per billion lead. The few samples that were collected that did have lead in them were also correlated with the houses having galvanized piping. There is on-going work by WASA to determine whether or not what the correlation is there and how that can be addressed in the future.

It was also pointed out that the Clean Water Action Group and Advocacy Group had testified before the City Council on issues related to the budget and in that testimony, there were comments on the Lead Service Line Replacement Program (LSR).

The Committee agreed to have an item put on the next meeting's agenda to discuss what the LSR program has accomplished, what has been learned, health impacts, and the future of the program.

The Committee received an update on the Fire Hydrant Replacement program. The Committee was informed that cooperation between the Fire Department and DCWASA is going very well.

The Committee received a presentation regarding the strength of wastewater. It has been noted that over the past few years that the strength which is referred to as the biochemical oxygen demand (BOD) of the wastewater coming in has actually been moving upward over the past few years. It is not known why the strength is moving upward, but it is important because the Plant was designed based upon the strength of wastewater. Staff agreed to coordinate with the regional jurisdictions to see if they are experiencing the same thing.

The Committee received a presentation on the local small and disadvantaged business enterprises, minority business enterprises and women business enterprise goals that the Board set for contracts. The Committee received a report indicating that WASA has successfully met or exceeded the goals established by the Board for use of LSDBEs, MBEs and WBEs over the past year.

The Committee reviewed six action items. One is a joint use action item, a construction contract for Sagres Construction for a water main replacement at Blue Plains. It was recommended to the Board for approval. The others were non-joint use contracts or supplemental agreements. The Environmental Quality and Operations Committee recommended the action items for Board approval.

The Committee discussed under emerging issues the Anacostia 108 inch force main. This is the force main that the WSSC Anacostia Pump Station pumps into. The line was constructed in the mid to late 1970's but was not put in service until the early to mid 1990's. It was found in the review of the waste water collection system, the condition of the pipe, and that the pipeline carries a large volume of wastewater. There is not a way of bypassing that line and it is necessary to perform a condition assessment and determine whether or not there is any work to be done on the pipeline in the near future. The issue with WSSC is that at least 80 percent of the line is their financial responsibility.

## **Finance and Budget Committee**

*Reported by: Robin Martin, Chairman*

The Committee met on Thursday, June 28.

Mr. Martin reported that 67 percent of the fiscal year is complete and that, revenues totaled \$207.1 million or 67.9 percent of budget.

The operating expenditures were \$106 million or 56 percent of budget. Capital disbursements totaled \$114.2 million or 51 percent of budget. The average daily cash balance for the month is \$121.9 million which is \$10.6 million above the Board's 180 day reserve requirement.

Revenues are either slightly behind or somewhat exceeding budget, but there appear to be no major revenue issues in the report and WASA expects that the year end will be on budget both for operating revenues and expenses.

Staff will provide the Board year end projections to assist in the Retail Rates Committee deliberations and the Finance and Budget Committee meeting discussions.

Mr. Martin reported that the May yield on the Authority's investment portfolio is 5.25 percent which is 38 basis points higher than the targeted benchmark rate of 4.87. Staff, in conjunction with the Public Financial Management Company is currently reviewing WASA's investment policy.

WASA renewed its insurance coverage effective June 15<sup>th</sup> and compared to last year's cost the insurance renewal resulted in a significant cost savings of approximately seven percent.

The Committee reviewed the scope for a new study that the Board plans to undertake that was suggested in the budget support language proposed by Councilmember Graham. The General Manager presented a draft of the scope of work for the Committee to consider as well as a timetable for completion of the work. He envisions and the Committee certainly accepts that this would be a joint activity between the General Manager, staff and the Committee. It was agreed that the General Manager would submit to the Committee the revised scope based on Mr. Bardin's suggestions. The Committee would then review and provide comments. The projected date for the completion of the study is approximately November 1<sup>st</sup>.

The sense of the Committee was that it wanted to ensure that the study challenges what programs the Authority has undertaken and looks for expense savings.

A letter will be sent from the Board Chairman to the members of the District of Columbia Council expressing the Authority's appreciation to the Council for suggesting the study and to inform Council that the Authority is proceeding ahead of schedule and before the bill has been enacted.

Mr. Lake noted that it is an extremely important study for the Board to undertake. However, the question is not simply is WASA doing things right, which is really just an assessment. Another important question is whether WASA is doing the right things. That combination of inquiries will provide the Board a review of not only the Authority's programs as a whole, but what other areas the Authority should commit to that are not in the workplan.

Mr. Martin stated that the Finance Committee believed that the challenge of the study is not just to verify the internal consistency of programs and policies, but to confirm whether WASA is doing what it said it was going to do. An important goal is to study best practices, to benchmark WASA's goals against them, and to determine what can be done better.

Mr. Bardin brought to the Committee's attention a letter on the DC Watch website written by the City's CFO, Dr. Gandhi, and sent to the Mayor and to the City Council chair discussing the limits of debt funding that would be prudent for the City. WASA is mentioned in the letter as an example of an enterprise fund whose revenues were not tax-based and therefore did not count against certain debt limits. The Committee asked the General Manager to review the letter to see if a response is needed.

The Committee is recommending to the Board a contract to exercise the fourth option year for AON Consulting in the amount of \$515,000.

Dr. Brown asked if there was any MBE involvement in the option contract for AON. The General Manager replied that there is no MBE involvement and the firm is a major multi-national firm. Dr. Brown stated that she wanted to ensure that there were opportunities for either LSDBE, MBE or WBE contractors.

### **Customer and Community Services Committee**

*Reported by: Alan Roth, Chairperson*

The Customer and Community Service Committee met on Tuesday, June 19<sup>th</sup>. The Committee agreed to meet the third Tuesday of each month except for August with the theme of reactivating the Committee to make it a more viable part of Board activities.

The Committee received reports from the Public Affairs, Government Relations and Customer Service Departments on their functions.

It appears to the Committee that the Public Affairs Office made significant progress toward completing most of the objectives that were sent out in the work plan developed by the committee under the previous Chairman. The one area not explicitly addressed by the work plan was news media relations and crisis communications. The Committee asked Ms. Quander-Collins to report at the next meeting in more detail on where the staff stands on each of the goals in the prior work plan. This will assist the Committee in laying out some objectives for addressing relations with the news media, crisis communications, and developing a plan for meeting those objectives. The Committee discussed the need for the Authority to engage in more image building.

In the Government Relations area, Mr. Hemphill provided the Committee an historical overview of how the Government Relations area developed and its accomplishments since 2001. Mr. Hemphill acknowledged that in light of changes in leadership in the District Government and on Capitol Hill that the cultivation of new relationships with key policy makers and staff is a high priority for that department.

Finally, the Committee had a candid discussion of the frustrations felt among Board members in the last several months associated with WASA's response to various Council activities. The Committee really tried to drive home the point to the staff present that there are two sides to government relations, not only educating the decision makers which is certainly very important, but also keeping the client, mainly the Board, well informed with early actions and up-to-date information and insights on what is happening. There was an acknowledgment that that aspect could use some improvement. The Committee will continue to work with Government Relations staff to encourage better and faster communication with the Board on areas where it obviously has interest.

In the area of Customer Services, the Committee received good presentations from three of the four functional units, not including the call center, because the Committee was running out of time. The Committee had no specific action items growing out of those discussions. The Authority is preparing to mail out this month (July) a detailed customer services handbook to every WASA retail customer. The Committee encouraged staff to ensure a copy also is mailed to every ANC Commissioner.

The Committee discussed WASA's response to emergencies on weekends and holidays. Staff agreed to work with the Mayor's call center on some message for making sure that if citizens call with WASA related emergencies that they are expeditiously directed to either the WASA directorate or the WASA emergency number.

The Committee briefly discussed the need to ensure that the contact person whose name and phone are posted as the contact person for citizen questions and complaints on signs at WASA work zones is an individual who is knowledgeable about the project, can actually address problems and questions when they arise and who is trained to deal appropriately with members of the public.

Finally, the Committee had a discussion related to work zone issues or more specifically several committee members have suggested that the Committee focus some attention on permitting issues, both WASA's own permitting and its relationship to other D.C. Government agencies in the permitting process. The Committee will spend time on that as well in the near future.

Chairman Martin requested that the Board be notified of all Council hearings pertaining to WASA.

### **Nominating Committee**

*Reported by: Robin Martin, Chairman*

The Committee met Thursday, July 5<sup>th</sup>, and recommended to the Board through a consensus three resolutions. The first is the sense of the Board rotating the Vice

Chairman office among the members representing the suburban jurisdictions and the District. There was a sense of the Board passed in 2002 in which the Vice Chairmanship would be rotated among the three jurisdictions and the current resolution modifies that by adding the District as the fourth jurisdiction. The second resolution is an amendment to the bylaws which changes the term of office from two years to one year in part to accommodate the fact that there are now four jurisdictions rotating to make sure that each CAO has an opportunity to serve in that position within a reasonable time period. The Board made one change in the resolution to allow for the term of the office of Vice Chair to end at the regularly scheduled Board meeting in July of each year. The previous arbitrary term end date was in April. The third resolution is to elect Anthony Griffin to be the Vice Chair beginning today and ending a year from now at the Board meeting in July 2008.

The Motion to adopt the three resolutions was Moved and Seconded and approved unanimously by the Board.

Chairman Martin thanked Dr. Brown for serving as Vice Chair.

Dan Tangherlini introduced to the Board three participants in the District's Summer Youth Program.

#### General Manager's Report

*Reported by: Jerry Johnson, General Manager*

The Authority expects to be well within the overall personal services budget by the end of the year and management will continue to keep the Finance and Budget Committee informed.

An area where WASA has some pressure is in the cost of chemicals partly because of the increase in prices resulting from some shifts in petroleum costs. Those expenses are tracked closely as are increases in the contract prices for some of those commodities that WASA has received. The Authority had a total of \$3.8 million in goods and services contracts issued and another \$169,000 in construction and A&E contracts over the period.

The Authority is in full compliance with the parameters under the Safe Drinking Water Act.

The General Manager noted on pages 31 through 34 of the General Manager's Report some of the research projects that WASA is involved in, not only internally but with some other international groups as well as the area colleges and universities in particular. The Thermal Hydrolysis Project provides some summary of that particular piece of research and how it is going and that holds a great deal of promise for WASA as WASA goes forward with the Digester Project.

Staff has been working with the labor unions regarding the compensation portion of the union agreement. The most recent meeting was held last week. The Authority has engaged three of the locals, NAGE, Locals 631 and 2553, in the discussions on working conditions and will report to the Human Resources Committee at its July meeting.

WASA has received word that the House has passed the President's budget request that included \$12 million for DCWASA. Seven million is available on a new year expenditure basis to be matched 50 percent to support the CSO Voluntary Control Plant. There is another \$5 million that is approved for another 50 match by the District of Columbia for certain infrastructure improvements that are to be made within the M Street Corridor and the baseball park area. It was a request made by the Mayor and it happened to have gotten lumped in with the other WASA money, but it is very clear from the language that it is for the District's use and for them to match. The process has to now go through the Senate and Appropriation Committee in order to be finalized.

Chairman Martin asked for an update on the fire hydrants and the status of discussions between WASA and the Fire Department. The General Manager replied that WASA is working with the Fire Department to assess and do the necessary repair work on the hydrants. WASA is working with the Fire Department on issues around quality control/quality assurance of the numbers and the information received. Chairman Martin asked if the goal is to have a joint report between WASA and the Fire Department coming out on a frequent basis. The General Manager replied yes. Mr. Martin asked if the Authority has the appropriate resources. The General Manager replied that the schedule has been stepped up. WASA has substantially modified its approach to dealing with the more aggressive schedule using overtime, and shifting the focus of some of the crews working with the Fire Department. The Fire Department is making minor repairs when needed as they inspect the hydrants to avoid the hydrant as showing up non-service. In addition, a fair amount of work has been shifted to one of the existing contractors.

Chairman Martin asked if the number of hydrants WASA reports as out of service is now up to around 200 which is significantly higher than it was before, five or six times what WASA had before. He asked whether WASA was able to get that higher number repaired within the five day normal repair cycle. The General Manager replied that we had fallen behind in terms of that five day time frame, but are caught up at this point.

Chairman Martin requested that under Tab 2 of the General Manager's Report the heading titled number of hydrants currently operational should be changed. The General Manager replied that he would review the tab and make the appropriate modifications.

Mr. Bardin noted that on page 11 of the General Manager's Report it is stated that WASA attended nine community meetings but only lists six meetings. The General Manager replied that he would make that revision and send to the Board via e-mail. Mr. Bardin also noted that the information was dropped in the General Manager's Report that provided the Board a status on the Automated Meter Reading Project, the percentage that is based on AMR versus estimation and a visual inspection. The General Manager stated that it was an omission and he would have it sent to the Board. Lastly, on page 18 there was a chart without any heading or description of what it is. The General Manager stated that the heading was dropped in the printing in error.

Leonard Benson, Director, Department of Engineering and Technology Services provided the Board with an update on the IMA negotiations. He provided a brief

background to the new Board members. In addition, he informed the Board on the negotiation process, topics for discussion, and the issues that are being discussed and a schedule to complete the negotiations.

Chairman Martin requested that the General Manager add a paragraph in the General Manager's Report with any updates on the IMA negotiations.

Mr. Lake noted that it is important that the Board understands that the process that is underway is to convert the 1985 IMA from a very prescriptive agreement that quickly became out of date, that has no flexibility within it, to agreement that focuses on key principles and how all the jurisdictions of the IMA will work together. It will contain operating agreements for each issue area, and those operating agreements will define how the parties agree to function in that particular issue area.

Mr. Bardin questioned how the General Manager who reports to the Board could perform the functions in the IMA negotiation without any Board oversight. Chairman Martin noted that that is a very good point and he will take it under advisement and talk to the General Manager,  
Mr. Bardin and Mr. Tangherlini.

The Board moved to the action items on the agenda.

Dr. Brown requested that Resolution No. 07-57, Contract No. WAS-03-026-AA-MB, AON Consulting, Inc., be removed.

The Motion to remove Resolution No. 07-57, Contract No. WAS-03-026-AA-MB, AON Consulting, Inc., be removed.

#### **Consent Items (Joint Use)**

1. Approval of Contract No. 060030, Sagres Construction Corp – Resolution No. 07-56 (Recommended by the Environmental Quality and Operations Committee 06/21/07)

The Motion to Adopt the Consent Item (Joint Use) was Moved and Seconded and approved unanimously by the Board of Directors.

Chairman Martin asked for discussion on Resolution No. 07-57 as an administrative item for discussion. Dr. Brown asked if AON Consulting, Inc., was the lowest bid. The General Manager replied that they were the lowest of ten bidders, and it was advertised open market. There are 12 total points to be available for production of cost by all the other bidders, it was generally felt that it created a level playing field for the smaller LSDBE contract. The General Manager noted that four of the bidders were LSDBEs and were awarded some number of points for having been LSDBEs. Even with the award of the points they did not qualify as the lowest bidder.

Chairman Martin requested that the General Manager propose a modification to the format of the contract fact sheets based on the discussion and present it to the Chairman of the Environmental Quality & Operations Committee and the Chairman of the Finance and Budget Committee.

The Motion to adopt Resolution No. 07-57, AON Consulting, Inc. was Moved and Seconded and approved unanimously.

**Consent Items (Non-Joint Use)**

1. Approval of Supplemental Agreement No. 05 of Contract No. DCFA #392-WSA, Bryant Associates - Resolution No. 07-58 (Recommended by the Environmental Quality and Operations Committee 06/21/07)
2. Approval of Contract No. DCFA #404-WSA, Black & Veatch Corporation – Resolution No. 07-59 (Recommended by the Environmental Quality and Operations Committee 06/21/07)
3. Approval of Contract No. 060060, Civil Construction, LLC – Resolution No. 07-60 (Recommended by the Environmental Quality and Operations Committee 06/21/07)
4. Approval of Contract No. 060070, Fort Myer Construction Corporation – Resolution No. 07-61(Recommended by the Environmental Quality and Operations Committee 06/21/07)
5. Approval of Contract No. 070100, Anchor Construction Corporation – Resolution No. 07-62 (Recommended by the Environmental Quality and Operations Committee 06/21/07)

The Motion to Adopt Consent Items (Non-Joint Use) was Moved and Seconded and approved unanimously by the District of Columbia Members of the Board of Directors.

Dan Tangherlini introduced to the Board three participants in the District’s Summer outh Program.

The Board moved into an executive session to discuss legal issues at 11:42 a.m. and reconvened in open session at 12:09 p.m.


Chairman Martin presented to the Board for approval a resolution in appreciation of Jerry N. Johnson, General Manager, for ten years of service to WASA. In addition, Chairman Martin read congratulatory letters from Mayor Adrian Fenty, Bruce Romer former CAO for Montgomery County, Isaiah Leggett, County Executive, Montgomery County and Board member Anthony Griffin, County Executive for Fairfax County.

The Motion to Adopt the Resolution of Appreciation of Jerry N. Johnson, General Manager was Moved and Seconded and approved by acclamation.

Mr. Johnson stated that this has been a very gratifying, exciting ten years, and he looks forward to much more, another ten years with the organization.

The meeting adjourned at 12:25 p.m.

Respectfully submitted,

  
Secretary to the Board of Directors